



APPROVAL OF MINUTES OF OCTOBER 23, 2018 MEETING

RESOLVED, that the minutes of the Regular meeting of October 23, 2018 are hereby approved and all actions taken by the Directors present at such meeting, as set forth in such minutes, are hereby in all respects ratified and approved as actions of the Economic Development Corporation.

November 13, 2018

**ECONOMIC DEVELOPMENT CORPORATION
BOARD OF DIRECTORS REGULAR MEETING
TUESDAY, OCTOBER 23, 2018 – 8:30 A.M.**

BOARD MEMBERS PRESENT: Linda Forte
Damon Hodge
Chris Jackson
Kwaku Osei
Jonathan Quarles
Matthew Roling

BOARD MEMBERS ABSENT: Marsha Bruhn
Kimberly Clayson
Maurice Cox (Ex-Officio)
John Naglick (Ex-Officio)
Thomas Stallworth

**SPECIAL DIRECTORS
PRESENT:** None

**SPECIAL DIRECTORS
ABSENT:** None

OTHERS PRESENT: Gay Hilger (DEGC/EDC)
Malinda Jensen (DEGC/EDC)
Jennifer Kanalos (DEGC/EDC)
Paul Kako (DEGC/EDC)
Glen Long, Jr. (DEGC/EDC)
Rebecca Navin (DEGC/EDC)
Mariangela Pledl (DEGC/EDC)
Orza Robertson (DEGC/EDC)
Kelly Shovan (DEGC/EDC)



Economic Development Corporation of the City of Detroit

**MINUTES OF THE ECONOMIC DEVELOPMENT CORPORATION
BOARD OF DIRECTORS REGULAR MEETING
TUESDAY, OCTOBER 23, 2018
DETROIT ECONOMIC GROWTH CORPORATION
500 GRISWOLD, SUITE 2200
8:30 A.M.**

CALL TO ORDER

Noting that a quorum was present, Chair Forte called the Regular meeting of the Economic Development Corporation Board of Directors to order at 8:40 a.m.

GENERAL

Approval of Minutes

Ms. Forte asked if there were any additions, deletions or corrections to the minutes of the October 9, 2018 Regular Board meeting. Hearing none, the Board took the following action:

On a motion by Mr. Roling, seconded by Mr. Quarles, Resolution Code EDC 18-10-02-305 was unanimously approved.

Receipt of Treasurer's Report

Ms. Shovan reviewed the Treasurer's Report of Receipts and Disbursements for the Month of September 2018 for the benefit of the Board. With there being no questions or discussion, the Board took the following action:

On a motion by Mr. Roling, seconded by Mr. Hodge, Resolution Code EDC 18-10-03-231 was unanimously approved.

PROJECTS

Small Business and Commercial Corridor Revitalization Program: Contract with Detroit Economic Growth Corporation

Ms. Pledl stated that at the request of the City of Detroit (the "City") Mayor's Office, the Economic Development Corporation of the City of Detroit ("EDC"), has developed small business and commercial corridor revitalization programs called Motor City Match and Motor City Re-Store (the "Programs") in collaboration with the City's Jobs and Economy Team, Planning and Development, Department of Neighborhoods and other key city and neighborhood stakeholders.

October 23, 2018

The EDC administers the Programs using Community Development Block Grant ("CDBG") funds from the City. The EDC entered into a subrecipient agreement with the City for Three Million and 00/100 Dollars (\$3,000,000.00) in CDBG funding to manage administer and implement the Program for a term ending June 30, 2019. The subrecipient agreement was approved by the EDC Board on March 13, 2018 (Resolution #18-03-91-62) and City Council on March 27, 2018.

The EDC has authorized an annual standard operating contract with the Detroit Economic Growth Corporation ("DEGC") to provide it staff services, as well as legal services (the "Operating Contract"). The Operating Contract allows the DEGC to bill additional charges for additional projects and programs of the EDC outside of the original scope of the Operating Contract.

Because of the need to account for staff time on an hourly basis in order to provide CDBG-compliant invoices to the City of Detroit for the Program, EDC's CDBG consultant has advised staff that the EDC and the DEGC should memorialize the billing agreement for this Program separately. An original version of this special agreement was approved by the EDC Board on February 24, 2015. EDC's CDBG consultant has advised staff that the agreement should be updated. This updated agreement would authorize the DEGC to provide invoices to the EDC for the actual hours expended to carry out both the Program administrative and Program delivery activities for the Program, billed at hourly rates that include the cost of the employee's time, fringes, and overhead costs. The fringe rate (29%) and overhead rate (15%) have been computed by using a 3-year moving average of the DEGC's costs in fiscal years 2015-16, 2016-17, and 2017-18, rounded to a whole percentage. This auxiliary contract would also allow for the DEGC General Counsel's time to be billed to the Program at the rates set forth in the Operating Contract.

Staff requested approval from the Board to enter into an agreement between EDC and DEGC authorizing DEGC to bill EDC for actual staff and legal time for the Program as outlined above. A resolution was included for the Board's review and approval.

With there being no questions or discussion, the Board took the following action:

On a motion by Mr. Roling, seconded by Mr. Quarles, Resolution Code EDC 18-10-91-75 was unanimously approved.

Authorization to Extend Sub-Recipient Agreement in Connection with the City of Detroit's Community Development Block Grant -Declared Disaster Recovery Award

Mr. Robertson reported that the City of Detroit, by and through its Housing and Revitalization Department (the "City"), was awarded a Community Development Block Grant for Declared Disaster Recovery (CDBG-DDR) from the U.S. Department of Housing and Urban Development (HUD) in the amount of Eight Million Nine Hundred Thousand and 00/100 Dollars (\$8,900,000.00). In 2016, the City requested that the Economic Development Corporation of the City of Detroit (EDC) act as a sub-recipient of the CDBG-DDR grant. Specifically, the City requested that the EDC undertake construction management services with respect to the Beltline Greenway, which services may include, but are not be limited to planning and design services, construction, and project management services. In addition, from time to time the City may request that the EDC

perform project management and/or construction management services with respect to other specific projects contemplated by the CDBG-DDR grant and/or the overall grant.

In June of 2016, the EDC Board authorized the negotiation and execution of a sub-recipient agreement with the City (EDC 16-06-95-01). In July of 2016, a CDBG-DDR sub-recipient agreement with a budget of \$2.6 million was executed between the City and the EDC. The agreement expired March 31, 2018. The City's original expenditure deadline for the entire \$8.9 million grant was March 2018, however the City has received an extension to April 2019 and expects an additional extension until December 31, 2019.

EDC staff has determined that it is necessary to extend the term of the current sub-recipient agreement. EDC staff requests that the Board authorize the extension of the current sub-recipient agreement through December 31, 2019.

Ms. Forte asked if we have been operating without an agreement since April 1, 2018. Ms. Navin explained that last January they were exploring expanding the scope of the agreement and increasing the funding. The agreement lapsed and both parties realized that it needed to be renewed. We are still in discussions about perhaps increasing the scope and budget, but right now, the scope and amount remain the same and we just need a time extension because all of the money has not been expended.

Subsequent to the discussion, the Board took the following action:

On a motion by Mr. Roling, seconded by Mr. Osei, Resolution Code EDC 18-10-95-06 was unanimously approved.

ADMINISTRATION

Transfer of UDAG Funds

Ms. Jensen explained that pursuant to the terms of certain transfer agreements between the City of Detroit, acting through its Community and Economic Development Department, now known as the Housing and Revitalization Department ("HRD") and the Economic Development Corporation of the City of Detroit (the "EDC"), the EDC is in possession of certain funds through the Urban Development Action Grant program ("UDAG"). These UDAG proceeds were received by the EDC as repayments of loans and/or other advances made by the EDC using UDAG grants and/or proceeds of UDAG grants. As such, these proceeds are now available for certain economic development purposes, subject to the provisions of the original UDAG grants and transfer agreements.

In consultation with the Mayor's office and HRD, Staff proposes transferring \$3.0 million of on-hand UDAG proceeds for the below uses, which transfers will be reimbursable to the extent of any available proceeds and are subject to applicable restrictions and consents (the "Proposed Transfers"):

- \$2,500,000 transfer to the City of Detroit Local Development Finance Authority ("LDFA") to support ongoing debt service requirements in connection with tax increment revenue bonds issued by the LDFA in 1997 and 1998 to finance certain aspects of Fiat Chrysler's Jefferson North Assembly Plant. The transfer will allow early payment of upcoming debt service, thereby decreasing the interest payable

over through the May 2021 maturity in order to avoid potential deficiencies in available tax increment revenues available for debt service.

- \$500,000 transfer to City of Detroit Brownfield Redevelopment Authority ("DBRA") to support industrial land assembly activities aimed at establishing market-ready industrial sites within City limits in order to attract manufacturing and logistics companies. The transfer, as well as other funds expected to be made available by the DBRA and/or the City of Detroit, will support efforts to mitigate certain competitive disadvantages that have contributed to decisions by certain manufacturing prospects to locate in other cities and/or regions. These types of missed opportunities are mostly highlighted on projects requiring building square footages exceeding 75,000 square feet and/or land requirements of 10 acres or greater. As a condition, on average, we're losing 300 jobs in each of these instances.

A resolution approving the proposed grant was included for the Board's consideration.

Mr. Damon stated that he understands the \$2.5 million, but questioned whether other means were explored for the \$500,000. Ms. Navin responded that the use of these recycled UDAG proceeds is restricted, and we've deployed these proceeds over the years for many different projects. Detroit has missed opportunities for large industrial projects and the Mayor and City Administration are very focused on getting market-ready sites so that we can attract those big industrial projects. EDC is the sponsor of the I-94 industrial site, and we don't have much acreage left there. Because we did have a large site available, Detroit was able to attract Flex-n-Gate, which just opened a beautiful new facility at the I-94 Industrial Park, with over 500 employees.

Mr. Long referred to the Treasurer's report and the large amount of these restricted funds the EDC has on hand. This is an opportunity put the money to good use and we expect to be repaid by 2021.

Ms. Forte asked what the total dollar amount is of these UDAG funds. Mr. Long replied that there is \$5 million total, \$2 million of that is the Trizec refund, which is a sinking fund and \$250,000 is used annually for operations. We have five years left and after that, we will have to figure out another source of operating funds.

Mr. Long explained that for EDC to use the \$2.5 million toward LDFA bond debt repayment, a written authorization must be received from the head of the City's Housing and Revitalization Department. Ms. Navin added that we have submitted a letter for these two uses of the UDAG funds and are waiting for the response. The director of the department and his supervisor are supportive of this use and we expect to receive a positive response.

Subsequent to the discussion, the Board took the following action:

On a motion by Mr. Roling, seconded by Mr. Quarles, Resolution Code EDC 18-10-84-06 was unanimously approved.

OTHER MATTERS

October 23, 2018

PUBLIC COMMENT

ADJOURNMENT

With there being no further business to come before the Board, Ms. Forte adjourned the meeting at 9:00 a.m.



Economic Development Corporation of the City of Detroit **CODE EDC 18-10-02-305**

APPROVAL OF MINUTES OF OCTOBER 9, 2018 MEETING

RESOLVED, that the minutes of the Regular meeting of October 9, 2018 are hereby approved and all actions taken by the Directors present at such meeting, as set forth in such minutes, are hereby in all respects ratified and approved as actions of the Economic Development Corporation.

October 23, 2018



Economic Development Corporation of the City of Detroit **CODE EDC 18-10-03-231**

ACCEPTANCE OF TREASURER'S REPORT FOR SEPTEMBER 2018

RESOLVED, that the Treasurer's Report of Receipts and Disbursements for the period ending September 30, 2018, as presented at this meeting, is hereby in all respects accepted as action of the Economic Development Corporation.

October 23, 2018



**SMALL BUSINESS AND COMMERCIAL CORRIDOR REVITALIZATION PROGRAM:
CONTRACT WITH DETROIT ECONOMIC GROWTH CORPORATION**

WHEREAS, The Economic Development Corporation of the City of Detroit ("EDC"), has developed small business and commercial corridor revitalization programs commonly known as Motor City Match and Motor City Restore (the "**Programs**") at the request of the City of Detroit (the "**City**") Mayor's Office.

WHEREAS, the EDC entered into a subrecipient agreement with the City for Three Million and 00/100 Dollars (\$3,000,000.00) in CDBG funding to manage, administer and implement the Program for a term ending June 30, 2019 pursuant to EDC Board approval on March 13, 2018 (Resolution # 18-03-91-62); and

WHEREAS, in order to be reimbursed for staffing costs by the City pursuant to the subrecipient agreement, the EDC must submit invoices showing actual staff time expended to provide administrative and project delivery services for the Program; and

WHEREAS, the EDC and Detroit Economic Growth Corporation ("DEGC") have an annual standard operating contract for staff and administrative services (the "Operating Contract"); and

WHEREAS, although the Operating Contract allows the DEGC to bill additional charges for additional projects and programs of the EDC outside of the original scope of the contract, EDC's CDBG consultant has advised staff that the EDC and the DEGC should memorialize the billing agreement for this Program separately; and

WHEREAS, an original separate contract was approved by the EDC Board on February 24, 2015, and EDC's CDBG consultant has advised staff that the contract should be updated; and

WHEREAS, the EDC Board has determined that it is appropriate to execute an agreement, or amendment to the Operating Contract, with the DEGC to provide separate invoicing by the DEGC for actual hours expended by DEGC staff to carry out both the program administrative and project delivery activities for the Program, with DEGC internal legal counsel's time to be billed at the rates set forth in the Operating Contract, and all other DEGC staff time to be billed at hourly rates that include the cost of the DEGC staff time, plus fringes calculated at a 29% rate, plus overhead costs at a 15% rate (collectively, the "Program Billing Rates").

NOW THEREFORE BE IT RESOLVED, that the EDC Board of Directors hereby authorizes the negotiation and execution of a separate agreement or amendment to the Operating Contract, with DEGC to provide the staffing services to carry out the Program administrative and Program delivery activities for the Program at the Program Billing Rates.

BE IT FURTHER RESOLVED, that any two Officers, or any one of the Officers and any one of the Authorized Agents or any two of the EDC's Authorized Agents shall hereafter have the authority to negotiate and execute all documents, contracts, or other papers and to take such actions as are necessary to implement the provisions and intent of this resolution.

BE IT FINALLY RESOLVED, that all of the acts and transactions of any Officer or Authorized Agent of the EDC, in the name and on behalf of the EDC, relating to matters contemplated by the foregoing resolutions, which acts would have been approved by the foregoing resolutions except that such acts were taken prior to execution of these resolutions, are hereby in all respects confirmed, approved and ratified.

October 23, 2018



CDBG DECLARED DISASTER RECOVERY AWARD: EXTENSION OF THE SUB-RECIPIENT AGREEMENT IN CONNECTION WITH THE CITY OF DETROIT'S COMMUNITY DEVELOPMENT BLOCK GRANT -DECLARED DISASTER RECOVERY AWARD

WHEREAS, the City of Detroit, by and through its Housing and Revitalization Department, (the "City") has been awarded a Community Development Block Grant for Declared Disaster Recovery (CDBG-DDR) from the U.S. Department of Housing and Urban Development (HUD) in the amount of Eight Million, Nine Hundred Thousand and 00/100 Dollars (\$8,900,000.00); and

WHEREAS, the City and the Economic Development Corporation of the City of Detroit (the "EDC") entered into a sub-recipient Agreement with respect to certain projects contemplated by the CDBG-DDR grant (the "Sub-recipient Agreement"), which Sub-recipient Agreement terminated March 31, 2018; and

WHEREAS, the original expenditure deadline of the total \$8.9 million HUD grant was March 31, 2018; and

WHEREAS, the City received an extension of the expenditure deadline granted by HUD to April 2019 and expects to receive an additional extension through December 31, 2019; and

WHEREAS, EDC staff has determined that is necessary to extend the Sub-recipient Agreement through December 31, 2019.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of The Economic Development Corporation of the City of Detroit hereby authorizes the extension of the term of the Sub-recipient Agreement through December 31, 2019.

BE IT FURTHER RESOLVED, that any two Officers, or any one of the Officers and any one of the Authorized Agents or any two of the EDC's Authorized Agents, shall hereafter have the authority to negotiate and execute an amendment to the Sub-recipient Agreement extending its term through December 31, 2019 and any and all other agreements, documents, contracts, or other papers necessary or to take any actions necessary to implement the provisions and intent of this resolution on behalf of the EDC.

BE IT FINALLY RESOLVED that all of the acts and transactions of any officer or authorized agent of the EDC, in the name and on behalf of the EDC, relating to matters contemplated by the foregoing resolutions, which acts would have been approved by the foregoing resolutions except that such acts were taken prior to execution of these resolutions, are hereby in all respects confirmed, approved and ratified.

October 23, 2018



UDAG RECYCLED FUNDS: TRANSFER OF UDAG FUNDS

WHEREAS, pursuant to the terms of certain transfer agreements between the City of Detroit, acting through its Community and Economic Development Department, now known as the Housing and Revitalization Department ("HRD") and the Economic Development Corporation of the City of Detroit (the "EDC"), the EDC is in possession of certain funds through the Urban Development Action Grant program ("UDAG"); and

WHEREAS, the UDAG proceeds were received by the EDC as repayments of loans and/or other advances made by the EDC using UDAG grants and/or proceeds of UDAG grants and are now available for certain economic development purposes, subject to the provisions of the original UDAG grants and transfer agreements; and

WHEREAS, in consultation with the Mayor's office and HRD, Staff proposes transferring \$3.0 million of on-hand UDAG proceeds for the below uses, which transfers will be reimbursable to the extent of any available proceeds and are subject to applicable restrictions and consents (the "Proposed Transfers"):

- \$2,500,000 transfer to the City of Detroit Local Development Finance Authority ("LDFA") to support ongoing debt service requirements in connection with tax increment revenue bonds issued by the LDFA in 1997 and 1998 to finance certain aspects of Fiat Chrysler's Jefferson North Assembly Plant. The transfer will allow early payment of upcoming debt service, thereby decreasing the interest payable over through the May 2021 maturity in order to avoid potential deficiencies in available tax increment revenues available for debt service.
- \$500,000 transfer to City of Detroit Brownfield Redevelopment Authority ("DBRA") to support industrial land assembly activities aimed at establishing market-ready industrial sites within City limits in order to attract manufacturing companies. The transfer, as well as other funds expected to be made available by the DBRA and/or the City of Detroit, will support efforts to mitigate certain competitive disadvantages that have contributed to decisions by certain manufacturing prospects to locate in other cities and/or regions. These types of missed opportunities are mostly highlighted on projects requiring building square footages exceeding 75,000 square feet and/or land requirements of 10 acres or greater. As a condition, on average, we're losing 300 jobs in each of these instances.

WHEREAS, the EDC Board of Directors has reviewed the Proposed Transfers and determined that they are consistent with the EDC's statutory purposes and otherwise in the best interest of the EDC.

NOW, THEREFORE, BE IT RESOLVED, that the EDC Board of Directors hereby authorizes the Proposed Transfers.

BE IT FURTHER RESOLVED that the EDC Board of Directors hereby authorizes any two of its Officers or any two of its Authorized Agents or any one Officer and any one

Authorized Agent to negotiate and execute transfer or similar agreements necessary or appropriate to effectuate the Proposed Transfers as deemed appropriate by such Authorized Agents and counsel which are not inconsistent with this resolution and do not adversely affect the rights and/or obligations of the EDC hereunder.

BE IT FURTHER RESOLVED the EDC Board of Directors hereby authorizes any two of its Officers or any two of its Authorized Agents or any one Officer and any one Authorized Agent to execute and all other documents, contracts and papers and take such other actions necessary or appropriate to implement the provisions and intent of this resolution on behalf of the EDC.

BE IT FINALLY RESOLVED, that all of the acts and transactions of any Officer or Authorized Agent of the EDC, in the name and on behalf of the EDC, relating to matters contemplated by the foregoing resolutions, which acts would have been approved by the foregoing resolutions except that such acts were taken prior to execution of these resolutions, are hereby in all respects confirmed, approved and ratified.

October 23, 2018